

# 2019

## **Tax Credit Accountability Report** **Annual Status Report of Economic Development Programs**



**Department of Economic Development**

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# INTRODUCTION

In 2004, the legislature passed the “Tax Credit Accountability Act”. The statute, section 620.017.4 RSMo, requires that the Department of Economic Development prepare an annual report regarding all economic incentives administered in the previous calendar year and submit the report to the Governor, President Pro Tem of the Senate, and the Speaker of the House of Representatives.

The annual report must include the following information:

1. The distribution of economic incentives by type and public purpose. In the statute, section 135.800 RSMo, all tax credits are grouped into a category, or type, based on their public purpose. This section of the report reflects the distribution of incentives by those categories, which are as follows:
  - Agricultural
  - Environmental
  - Entrepreneurial
  - Domestic and Social
  - Housing
  - Redevelopment
  - Training and Education
  - Business Recruitment
  - Community Development
2. The total amount of economic incentives awarded by industry. All incentives issued to organizations or businesses are broken down by North American Industry Classification System (NAICS) Codes.
3. The distribution of economic incentives by the size of all business recipients. All incentives issued to businesses only are broken down by business size categories of less than 100 employees, 100-500 employees, and greater than 500 employees.
4. A summary of jobs created as reported annually.
5. A reporting of any legal action taken by the department or the state with any parties which have failed to comply with a contract or agreement pursuant to this section.

All economic incentives are reported by the amount that has been issued to the taxpayer in the calendar year. Issuance of a tax credit indicates that the Department of Economic Development has determined it meets eligibility criteria and has proof that the organization or company has met the program requirements. Tax credits are issued using a certificate which may be attached to a state tax filing for redemption through the Department of Revenue.

The information is collected through the application and review process. section 135.802 RSMo requires that all applications include:

1. Name, address, contact and phone number for the applicant.
2. Taxpayer type
3. Standard industry code (Note: The NAICS system has replaced the Standard Industry Code system for identifying industries at the federal level.)
4. Program name and type of any other tax credits (state or federal) that are being utilized for the same activity or project.

# DED INCENTIVES BY TYPE AND PROGRAM

January 1, 2018 to December 31, 2018

Type and Program	Total Amount Issued in CY 2018
<b>AGRICULTURAL</b>	
WINE AND GRAPE	\$-
MISSOURI RURAL ECONOMIC STIMULUS ACT**	\$-
<b>TOTAL AGRICULTURAL</b>	<b>\$-</b>
<b>ENVIRONMENTAL</b>	
CHARCOAL PRODUCERS	\$-
<b>TOTAL ENVIRONMENTAL</b>	<b>\$-</b>
<b>ENTREPRENEURIAL</b>	
LOAN GUARANTEE FEE	\$-
CERTIFIED CAPITAL COMPANIES	\$-
BUSINESS INCUBATOR	\$236,357.15
URBAN ENTERPRISE LOAN**	\$-
SEED CAPITAL	\$-
CAPITAL SBIC	\$-
NEW ENTERPRISE CREATION	\$-
RESEARCH	\$-
<b>TOTAL ENTREPRENEURIAL</b>	<b>\$236,357.15</b>
<b>DOMESTIC AND SOCIAL</b>	
YOUTH OPPORTUNITIES PROGRAM	\$5,693,067.00
<b>TOTAL DOMESTIC AND SOCIAL</b>	<b>\$5,693,067.00</b>
<b>HOUSING*</b>	
NEIGHBORHOOD PRESERVATION	\$4,810,918.11
<b>TOTAL HOUSING</b>	<b>\$4,810,918.11</b>
<b>REDEVELOPMENT</b>	
BROWNFIELD REMEDIATION	\$30,884,346.50
BROWNFIELD JOBS AND INVESTMENT	\$-
BROWNFIELD DEMOLITION	\$-
DISTRESSED AREAS LAND ASSEMBLAGE	\$-
HISTORIC PRESERVATION	\$53,521,475.16
COMMUNITY DEVELOPMENT CORPORATION GRANT**	\$-
COMMUNITY BANK	\$-

STATE TAX INCREMENT FINANCING **	\$-
MISSOURI DOWNTOWN ECONOMIC STIMULUS ACT **	\$-
DOWNTOWN PRESERVATION **	\$-
<b>TOTAL REDEVELOPMENT</b>	<b>\$84,405,821.66</b>
<b>TRAINING AND EDUCATION</b>	
MISSOURI WORKS NEW JOBS TRAINING PROGRAM **	\$1,207,450.00
MISSOURI WORKS RETAINED JOBS TRAINING PROGRAM **	\$7,606,072.00
MISSOURI WORKS CUSTOMIZED TRAINING PROGRAM **	\$5,674,274.04
<b>TOTAL TRAINING AND EDUCATION</b>	<b>\$14,487,796.04</b>
<b>BUSINESS RECRUITMENT</b>	
BUSINESS FACILITY	\$8,744,327.00
ENHANCED ENTERPRISE ZONE	\$6,262,439.95
ENTERPRISE ZONE	\$-
DEVELOPMENT TAX CREDIT	\$-
REBUILDING COMMUNITIES	\$-
FILM PRODUCTION	\$-
MANUFACTURING JOBS **	\$16,021,910.84
MISSOURI QUALITY JOBS	\$52,866,974.24
MISSOURI WORKS	\$68,038,767.36
<b>TOTAL BUSINESS RECRUITMENT</b>	<b>\$151,934,419.39</b>
<b>COMMUNITY DEVELOPMENT</b>	
TRANSPORTATION DEVELOPMENT	\$-
NEIGHBORHOOD ASSISTANCE	\$13,137,747.00
FAMILY DEVELOPMENT ACCOUNT	\$46,471.00
DRY FIRE HYDRANT	\$-
<b>TOTAL COMMUNITY DEVELOPMENT</b>	<b>\$13,184,218.00</b>
<b>OTHER</b>	
AMATEUR SPORTING CONTRIBUTION	\$22,500.00
AMATEUR SPORTING TICKET SALES	\$1,584,090.00
<b>TOTAL OTHER</b>	<b>\$1,606,590.00</b>
<b>TOTAL--ALL DED STATE INCENTIVES</b>	<b>\$276,359,187.33</b>

\*By Statute, this report does not include Low-Income Housing Tax Credits.

\*\*These programs are not tax credit programs.

# DED INCENTIVES BY INDUSTRY\*

January 1, 2018 to December 31, 2018

NAICS	Description	Amount
<b>11</b>	Agriculture, forestry, fishing and hunting	\$683,961.00
<b>21</b>	Mining	\$-
<b>22</b>	Utilities	\$-
<b>23</b>	Construction	\$5,088,781.45
<b>31-33</b>	Manufacturing	\$56,910,161.88
<b>42</b>	Wholesale Trade	\$9,794,174.39
<b>44-45</b>	Retail Trade	\$5,635,307.99
<b>48-49</b>	Transportation	\$1,700,719.19
<b>51</b>	Information	\$12,782,977.50
<b>52</b>	Finance and Insurance	\$22,481,351.00
<b>53</b>	Real Estate and rental and leasing	\$52,503,684.76
<b>54</b>	Professional and technical services	\$30,597,125.64
<b>55</b>	Management of companies and enterprises	\$8,608,887.36
<b>56</b>	Administrative and waste services	\$829,414.04
<b>61</b>	Educational services	\$1,631,202.22
<b>62</b>	Health care and social assistance	\$13,457,182.79
<b>71</b>	Arts, Entertainment, and Recreation	\$2,863,425.00
<b>72</b>	Accommodation and Food Services	\$191,569.07
<b>81</b>	Other Services, Except Public Administration	\$4,391,979.90
<b>92</b>	Public Administration	\$27,707,198.85
	Unclassified	\$1,286,274.42
<b>GRAND TOTAL</b>		<b>\$259,145,378.45</b>

\* Industries are represented by standard "NAICS" codes (North American Industry Classification System).

**Note:** Benefits issued to individuals or community colleges are not considered in this section of the report.



# DED INCENTIVES BY BUSINESS SIZE

January 1, 2018 to December 31, 2018

Business Size	< 100	100-500	> 500
<b>Applicable Programs Reporting:</b>			
Amateur Sporting Contribution	\$22,500.00	\$-	\$-
Amateur Sporting Ticket Sales	\$1,584,090.00	\$-	\$-
Brownfield Demolition	\$-	\$-	\$-
Brownfield Jobs and Investment	\$-	\$-	\$-
Brownfield Remediation	\$3,563,689.80	\$5,750.00	\$-
Business Facility	\$-	\$-	\$8,744,327.00
Business Incubator	\$236,357.15	\$-	\$-
Capital SBIC	\$-	\$-	\$-
Certified Capital Companies	\$-	\$-	\$-
Charcoal Producers	\$-	\$-	\$-
Community Bank	\$-	\$-	\$-
Development Tax Credit	\$-	\$-	\$-
Distressed Areas Land Assemblage	\$-	\$-	\$-
Enhanced Enterprise Zone	\$3,717,022.52	\$2,484,278.82	\$61,138.61
Enterprise Zone	\$-	\$-	\$-
Family Development Account	\$-	\$46,471.00	\$-
Film Production	\$-	\$-	\$-
Historic Preservation (Developers Only)	\$51,955,157.15	\$-	\$-
Loan Guarantee Fee	\$-	\$-	\$-
Missouri Manufacturing Jobs*	\$86,836.00	\$134,660.00	\$15,800,414.84
Missouri Quality Jobs	\$8,896,586.31	\$8,705,497.85	\$35,264,890.08
Missouri Works	\$17,728,805.45	\$8,807,240.25	\$41,502,721.66
Neighborhood Assistance	\$10,079,124.00	\$2,382,378.00	\$676,245.00
Neighborhood Preservation (Developers Only)	\$3,651,223.26	\$-	\$-
New Enterprise Creation	\$-	\$-	\$-
Rebuilding Communities	\$-	\$-	\$-
Research	\$-	\$-	\$-
Seed Capital	\$-	\$-	\$-
Transportation Development	\$-	\$-	\$-
Urban Enterprise Loan*	\$-	\$-	\$-
Wine and Grape (Businesses Only)	\$-	\$-	\$-
Youth Opportunities Program	\$3,961,938.00	\$1,721,368.00	\$9,761.00
<b>TOTALS</b>	<b>\$105,483,329.64</b>	<b>\$24,287,643.92</b>	<b>\$102,059,498.19</b>

**Note:** Benefits issued to individuals, community colleges or units of government are not considered in this section of the report.

\*These programs are not tax credit programs.

# JOBS REPORTING FOR ACCOUNTABILITY ACT

July 1, 2017 to June 30, 2018

Section 135.805.1 RSMo requires the reporting of "actual number of jobs created as a result of the tax credits, at the location on the last day of the annual reporting period..." Reported below are the created jobs as self-reported by the companies to Department of Revenue through Accountability Reports due June 30, 2018.

Program	Jobs as Reported to the Department of Revenue		Jobs as Confirmed with Companies by DED	
	Full Time Jobs Reported	Part Time Jobs Reported	Full Time Jobs Reported	Part Time Jobs Reported
Amateur Sporting Contribution	-	-	-	-
Amateur Sporting Ticket Sales	-	-	-	-
Brownfield Demolition	-	-	-	-
Brownfield Jobs and Investment	-	-	-	-
Brownfield Remediation	511	218	511	218
Business Facility	19	-	19	-
Business Incubator	79	33	40	17
Capital SBIC	-	-	-	-
Certified Capital Companies	-	-	-	-
Community Bank	-	-	-	-
Development Tax Credit*	2	28	2	28
Distressed Areas Land Assemblage	-	-	-	-
Dry Fire Hydrant	-	-	-	-
Enhanced Enterprise Zone*	3,817	177	993	15
Enterprise Zone*	-	-	-	-
Family Development Account	-	-	-	-
Film Production	-	-	-	-
Historic Preservation (Developers Only)	339	115	167	84
Loan Guarantee Fee	-	-	-	-
Missouri Quality Jobs	2,208	100	1,887	100
Missouri Works	843	8	843	8
Neighborhood Assistance	507	377	507	377
Neighborhood Preservation (Developers Only)	13	2	-	1
New Enterprise Creation	-	-	-	-
Rebuilding Communities	25	14	25	14
Research	-	-	-	-
Seed Capital	-	-	-	-
Transportation Development	-	-	-	-
Wine and Grape (Businesses Only)	-	8	-	8
<b>TOTALS</b>	<b>8,363</b>	<b>1,080</b>	<b>4,994</b>	<b>870</b>

# Jobs Reporting for Accountability Act Notes

The following are notes regarding the previous page's table.

Note 1: These jobs are the number of jobs created during this period after issuance as a result of the tax credits. These job numbers will not reflect the total projected for the projects. The job numbers also will not reflect the number of jobs for which benefits were issued due to timing, documentation, program definitions of "new job", etc. The benefits in many cases are issued over several years and companies report jobs each year for purposes of receiving the benefits. These job numbers do not include any jobs created as a result of retained withholdings only benefits.

Note 2: In reviewing the data submitted to the Department of Revenue by companies through the Accountability Report, the Department of Economic Development identified a possible issue with the data. It appeared that a few companies had reported cumulative numbers by month. When running the reports the numbers came out excessively high. DED called the companies, as well used other reports from the companies that had been previously verified to get more accurate data to report.

\*Some companies selected a different "program name" than they actually participated in, so DED has assigned the appropriate job numbers to the correct programs.

# CY 2018 LEGAL ACTIONS

Applicant	Program	Issue	Action
<b>Excelsior Springs Bottling Company</b>	CDBG	Breach of agreement	Referred to AGO, but defendant filed bankruptcy and has received discharge
<b>Tropical Illusions, Inc.</b>	CDBG	Breach of agreement	Referred to AGO, resulting in consent judgment (revived in 2013) and garnishments
<b>Cerner, Inc.</b>	Missouri Quality Jobs	Mandamus directed to DED regarding calculation of benefits under Missouri Quality Jobs Tax Credit Program	Referred to AGO, settled in November 2018
<b>UrbanFUTURE</b>	Youth Opportunities Program	Breach of agreement	Referred to AGO
<b>Northside Regeneration LLC</b>	Distressed Areas Land Assemblage Tax Credit Act	Eligibility for credit in light of facts learned post issuance	Referred to AGO, settlement occurred and payment was received in May 2019



